

2006 Cost Report Training

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North Carolina Department of Health and Human Services
Division of Medical Assistance



The Purpose of Cost Reporting

To enable the DMA Rate Setting section to establish a reasonable reimbursement rate for Personal Care Services by capturing accurate cost data for services being provided to your Medicaid clients.



Things to remember...

- Due date of the 2006 PCS Cost Report July 27, 2007.
- If the cost report is not received on time or is received incomplete, a 20% withholding penalty will be applied to future Medicaid payments.
- Financial Statements must support the cost data submitted on the cost report.
- The cost report will be considered incomplete without the financial statements.



More things to remember...

- Cost reports must be mailed or delivered to the Rate Setting section.
- Original signatures are required.
- If a provider delivers multiple services, the Schedule D must be utilized to illustrate the allocation of costs to the Personal Care Services.



Getting Started...Schedule A

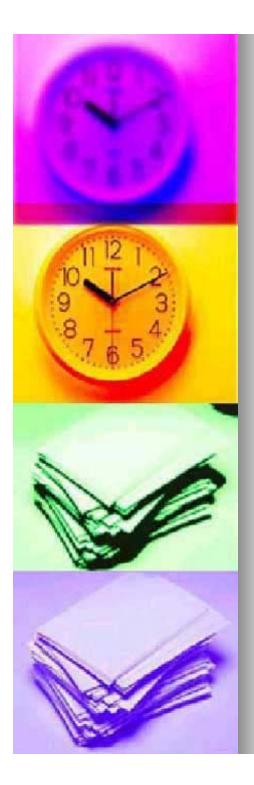
1a. Tax ID#:	1 b. Medicaid Provider Number:	1 c. National Provider Identifer#
2 Name of Agency:		
2 Nation Against		
Street or P.O.		
City, State, Zip Code		
Agency Telephone No.:		
3. County Name Agency Resides In		
4. Owner (s)		
5 Contact Demon V. W.		
5. Contact Person, if different from above		
6. Contact Telephone Number		
C. CORAC IGCHINE NUIDE		

General Information Concerning Your Company



8a. Non Profit	8b. For Profit
[] 1. Private	[] 3. Sole proprietorship [] 5. Partnership
[] 2. Other	[] 4. Corporation [] 6. Other
	III - Other Reporting Information
Part Cost Report Period: From:	III - Other Reporting Information To:
Cost Report Period: From:	To:

Line 11 – If allocations are made for overhead or other expenses (costs), please explain the basis of the allocations.



Certification of Accuracy

Part IV - Certification of Accuracy					
hereby attest that I have examined the information contined in this report; that all such information has been prepared from the books records of the provider named within; that the aforesaid iformation is true and correct to the best of my knowledge; that our agency has on file and proper dient authorization for these services and the necessary documentation to support these costs, and that all costs reported period are within the indicated above.					
Provider's Signature	Title:	Date			
Preparer's Name	Title:	Date			
Preparer's Telephone Number:	Preparer's Email Address:	Preparer's Fax Number:			

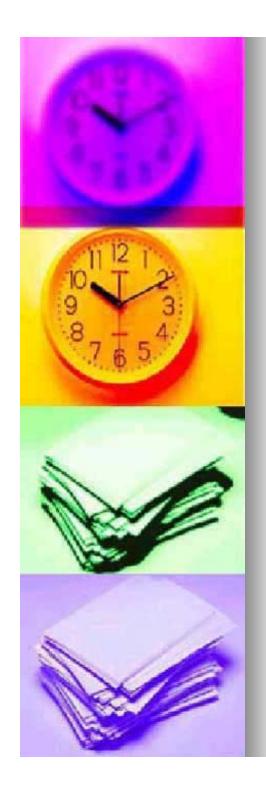
- An original signature is required.
- If there are questions concerning your cost report, this is the first place we look to find out how to contact you.



Schedule A-1

SCHEDULE OF GENERAL INFORMATION - CONTINUED SCHEDULE A-1						
NAME: (Schedule A: item 1)			Tax ID#	PROVIDER#		
		0	0			
MEDICAID PROVIDER #: (Schedule A: item 1)						
	NAME	MEDICAID	AGENCY ADDRESS	COUNTY		
		PROVIDER #				
1						
2						
3						

- Complete this form if the cost report represents multiple Medicaid provider numbers within a single corporation and separate sets of books are not kept.
- The provider numbers listed should only be PCS, PCS-Plus or CAP-DA.
- If separate books and records are maintained, then a separate cost report must be completed for each entity.



Schedule of Profit & Loss (Schedule B)

- The revenue figures will be compared to the agency's total revenues on the financial statements accompanying the cost report. The total revenues reported on the cost report should equal the total revenues on the Profit & Loss Statement (also known as the Income Statement).
- If any allocations are made in the placement of figures on this form, the method of allocation should be explained on Schedule D.
- Line 1, Medicaid Personal Care Service revenue includes PCS & PCS-Plus.

RE	/ENUES:	1	2				
REC	RECEIPTS FROM THE MEDICAID						
1.	MEDICAID PERSONAL CARE SERVICE						
2.	MEDICAID CAP-DA In Home Aide II & III PCS						
3.	OTHER:						
4.							
5.							
6.	TOTAL RECEIPTS FROM MEDICAID (Add lines 1-5)		\$ -				
_	EIPTS FROM OTHER STATE AGENCIES OR THE COUNTY						
7.							
8							
9							
10.	TOTAL RECEIPTS FROM OTHER STATE/COUNTY SOURCES (Add lines 7, 8, and 9)		\$ -				



More reported revenue...

RECEIPTS FROM PRIVATE CLIENTS					
11. PRIVATE PAY RECEIPTS					
12.					
13.					
14. TOTAL RECEIPTS FROM PRIV (Add lines 11, 12 and 13)	ATE CLIENTS		\$ -		
NON-CLIENT RELATED REVENUE					
15. RECEIPTS FROM OTHER SOL	IRCES				
16.					



Schedule B Totals

- The lines that are to be added together are noted in parenthesis under the title of the line.
- Please double check your math.
- Line 19 Total Expenses, should equal the expenses shown on the Income Statement. Line 19 should also equal line 98 on Schedule C.
- Line 20 Net Profit (Loss), should equal the net profit or net loss as shown on the income statement.

17.	TOTAL NON-CLIENT RELATED REVENUES (Add Lines 15 and 16)	\$ -
18.	TOTAL INCOME REPORTED (Add Lines 6, 10, 14, and 17)	\$
19.	LESS: TOTAL EXPENSES (Value should equal Schedule C, Line 98, Column 3)	
20.	NET PROFIT (LOSS) (Subtract Line 19 from Line 18)	\$ -



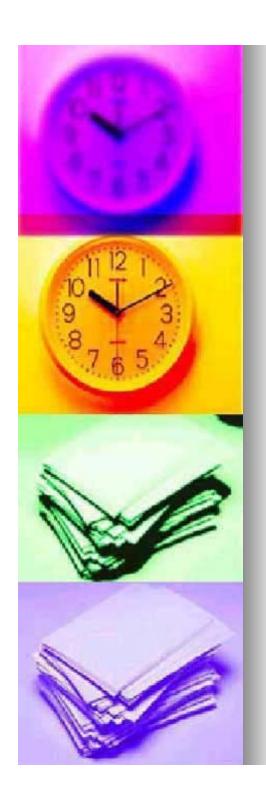
Schedule C – Expenses Personal Care Expenses within the Medicaid Service Definition

Column 1:

Only paid hours are to be used in determining the hours worked. Paid hours include holidays, sick time, and overtime. The overtime hours should be the actual hours worked and not the overtime ratio of 1 ½ hours used to calculate the pay. These hours should correspond to the costs shown in column 3.

Column 2:

Supply any hours provided for the provision of personal care services for which payment or compensation was not made to the individual. These could be hours worked by the owner, qualified volunteers, etc.



Question: Why are the hours so important?

Answer: The total billed hours are divided into the total of all allowable costs to calculate the average cost per billed hour. In other words, this is how a Medicaid reimbursement rate increase is justified.



For whom do we track the paid and unpaid hours?

- Nurses
- Aides
- Others Anyone associated with the provision of personal care within the Medicaid service definition, this could include clinical administrators or schedulers.



Allowable Personal Care Expenses Within the Medicaid Service Definition (Outlined in the Clinical Policy)

- Salaries
- Payroll Taxes
 - FICA
 - FUTA
 - SUTA
- Employee Benefit Program
 - Dental insurance
 - Health insurance
 - Life insurance
 - Retirement
 - Worker's compensation
 - Uniforms



Training Costs

- Tuition/Registration fees
- Training materials

Travel Costs (to attend training)

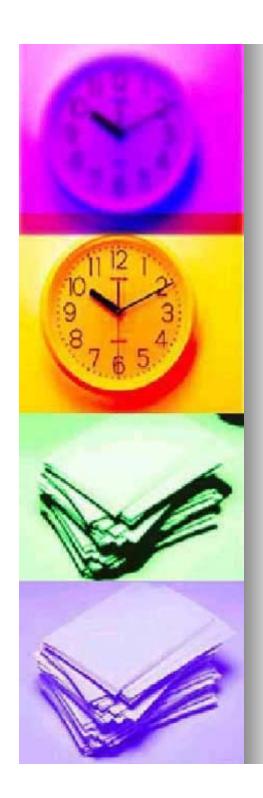
- Mileage reimbursement
- Lodging (hotel/motel) costs when incurred for business related purposes
- Meals for facility when incurred for business related purposes
- Parking fees when incurred for business related purposes
- Contract Services (don't forget the hours)



- Transportation Costs (to provide PCS)
 - Vehicle Maintenance & Upkeep Gas, oil, tires, registration fees, repairs, etc.
 - Reimbursed Employee Transportation When an employee uses their own vehicle to deliver personal care services.
 - Vehicle Deprecation Allocate only the portion of the costs associated with the delivery of PCS if the same vehicle is used for administrative purposes too.
 - Vehicle Rent Allocated based on the usage applied to delivery of PCS.
 - Vehicle Interest All interest expense on vehicles used for personal care transportation.
 - Vehicle Insurance All insurance expense on vehicles used for medical transportation.



- Other Direct Costs This line is for costs associated with the delivery of PCS not classifiable in any of the other cost centers.
 Please make a note on the cost report as to what these items are.
- Subtotals & Totals Please double check your math (hours & dollars).
- This takes care of lines 30 57 of the cost report.



Allowable Personal Care Expenses Outside the Medicaid Service Definition

- Covers lines 58 65 of the cost report.
- Examples may include:
 - Transportation for shopping
 - Painting in house
 - Medication reminders
- The same rules apply for:
 - Recording hours
 - Salaries
 - Payroll taxes
 - Employee Benefits
 - Contract Services
 - Miscellaneous



Indirect Cost Centers Schedule C (continued)

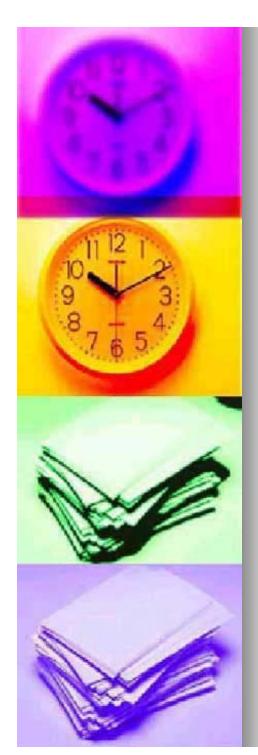
	Indirect Cost Centers	1	2	3
ADN	MINISTRATION & GENERAL			
66.	Salaries and Wages - Administrator(s)/Owner(s)			
67.	Salaries and Wages - Other Support staff			
68.	Payroll Taxes			
69.	Employee Benefit Program			
70.	Meetings / Seminars / Training			
71.	Travel Costs			
72.	Contract Services	0.00		
73.	Employee Criminal Records Check Fees			
74.	Management Services			
75.	Central Office Overhead			
76.	Other Administrative expenses			
77.	TOTAL OF ADMINISTRATION & GENERAL (Add Lines 66-76)(Columns 1, 2 & 3)	0.00	0.00	\$ -

- Lines 66 72 Here we are taking into account the administrator, support staff and contract services. Same rules apply to this set of cost centers as lines 30 - 65.
- Line 76, Other Administrative Expenses could include:
 - Office supplies & materials
 - Legal & Accounting
 - Interest expense
 - Due & subscriptions
 - Insurance
 - Licenses
 - Etc.



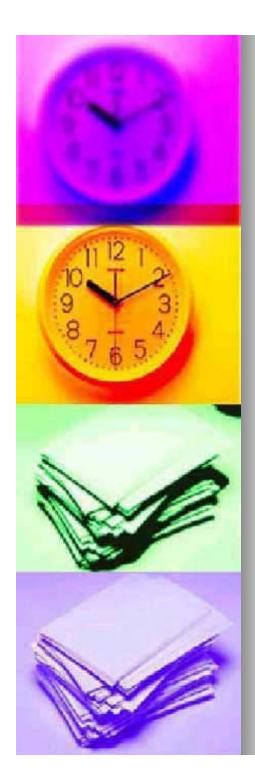
ODE	ERATIONS / MAINTENANCE			
78.	Salaries and Wages			
79.	Payroll Taxes			
80.	Employee Benefit Program			
81.	Contract Services	0.00		
82.	Supplies			
83.	Other Operatoins/Maintenance expenses			
84.	TOTAL OF OPERATIONS / MAINTENANCE (Add lines 78-83) (Columns 1, 2 & 3)	0.00	0.00	\$ 1

- Lines 78 81, The same rules apply as before from similar cost centers.
- Line 82, Supplies may include chemicals, tools, shop supplies, lawn mover, etc.
- Line 83, Other Operations/Maintenance Expenses may include:
 - Automobile & Truck Maintenance & Upkeep
 - Repairs & Maintenance Buildings & Grounds cost of materials and labor
 - Repairs & Maintenance Equipment cost of materials and labor
 - Utilities
 - Electricity
 - Natural Gas
 - Fuel Oil
 - Water & Sewer Services
- Line 84 Total of Operations/Maintenance



	Capital Cost Center	
PRO	OPERTY / OWNERSHIP / USE	
85.	Depreciation	
86.	Rent for Facility	
87.	Other Capital expenses	
88.	TOTAL OF PROPERTY / OWNERSHIP / USE: CAPITAL COST CENTER (Add Lines 85-87) Expenses in column 3)	\$ -

- Line 85, Depreciation is prorated over the life of the asset.
 - Land Improvements parking lots, sidewalks, curbs & guttering.
 - Buildings & Improvements
 - Equipment Office furniture & fixtures, patients' room furniture & fixtures, office machines & equipment, telephone equipment, etc.
- Line 86, Rent for Facility
- Line 87, Other Capital Expenses
 - Real Estate taxes
 - Mortgage Interest
 - Interest Other Capital Assets, the cost of mortgage interest on fixed assets.
 - Insurance Fixed Assets (property only)
 - Etc.
- Line 88, Total of the Capital Cost Center



	Non-Allowable Cost Center	
NO	N-ALLOWABLE	
89.	Bad Debt	
90.	Marketing to increase business	
91.	Other related party transactions	
92.	Miscelleous	
93.	TOTAL OF NON-REIMBURSABLE (Add lines 89-92)	\$ -

- Line 89, Bad Debt
- Line 90, Marketing to Increase Business cost of brochures, fliers, & advertising in the newspaper for the purpose of the agency to increase business.
- Line 91, Other Related Party Costs the increase in cost of doing business with a related party over doing business with an unrelated party.
- Line 92, Miscellaneous
 - State & Federal income taxes
 - Penalties (example: taxes)
 - Bank charges (example: NSF & overdraft fees)
 - Gifts for employees
 - Flowers
 - Donations & contributions
 - Gifts for clients
 - Vending Services
 - Other miscellaneous matters (please attach a sub-schedule explaining line items included in this total)
- Line 93, Total of Non-Reimbursable Costs



Summary of Cost Center Totals

L	Summary of Cost Center Totals	1	2	3
94.	TOTAL OF DIRECT COST CENTERS (Add Lines 57, 65) (Hours in Column 1 and 2 and Expenses in Column 3)	0.00	0.00	0.00
95.	TOTAL OF INDIRECT COST CENTERS (Add Lines 77, 84) (Hours in Column 1 and 2 and Expenses in Column 3)	0.00	0.00	\$0
96.	TOTAL OF CAPITAL COST CENTERS (Add Line 88) (Expenses in Column 3)			\$0
97.	TOTAL OF NON-ALLOWABLE COST CENTERS (Add Line 93) (Expenses in Column 3)			\$0
98.	TOTAL OF ALL COST CENTERS (Add Lines 94, 95, 96, 97) (Hours in Column 1 and 2 and Expenses in Column 3)	0.00	0.00	\$0
99.	TOTAL OF ALL ALLOWABLE COSTS (Add Lines 57, 95, 96) (Hours in Column 1 & 2 & Expenses in Columns 3)	0.00	0.00	\$0
100	TOTAL BILLED HOURS (enter figure here)	(Line 100 can not be greater than Colun	nn 1 - Line 94)	0
101	AVERAGE COST PER BILLED HOUR (Line 99 divided by Line 100)			

- The good news is that if you are using the Excel version of the 2006 Cost Report, it will calculate the totals automatically. The best news is that you are almost finished with the cost report.
- A few items to remember:
 - Make sure you are adding the correct lines together.
 - Please double check your math.
 - The total billed hours on line 100 should never exceed the total hours associated with the direct cost centers on line 94.



Schedule D – Basis of Allocating Expenses Between Personal Care Services and Other Agency Services

Description of Line Item (Expense/Cost)	Line item	Direct Charged or Allocated	Basis of Allocation
Salaries and Wages			
Payroll Taxes			
Employee Benefit Program			
Contract Services			
Rent - Facility			

Schedule D is to be used to indicate the method of allocating costs and is required for any agency/provider that:

- Delivers multiple services
- Is submitting multiple cost reports by provider number with accompanying individual financial statements
- Is using differing methods of cost allocation within the PCS Cost Report. Schedule D allows for an explanation of different allocation methods for different line items.



Where can you find help if you have questions regarding your PCS Cost Report?

Betty Jones, Rate Analyst 919-855-4203 betty.jones@ncmail.net

Trish Harper, Supervisor 919-855-4216 trish.harper@ncmail.net

If you need to e-mail us, please include your provider name and "2006 PCS Cost Report" in the subject line. However, please note that we cannot accept your 2006 PCS Cost Report via e-mail.



Final Housekeeping

- Please remember to make a full copy of the PCS Cost Report and Financial Statements before submitting them to Rate Setting.
- Please complete the survey and send it in with your 2006 PCS Cost Report. We are very interested in your thoughts and we are dedicated to improving this process.
- Please make sure that you signed the roll sheet.
 We would like to have your e-mail addresses. That way, we can get information out to you quickly.
- Please continue to read the monthly Medicaid Bulletin for updates regarding your programs.